

1 BROWN RUDNICK LLP
Joel S. Miliband (SBN 077438)
2 (JMiliband@brownrudnick.com)
2211 Michelson Drive
3 Seventh Floor
Irvine, California 92612
4 Telephone: (949) 752-7100
Facsimile: (949) 252-1514
5

BROWN RUDNICK LLP
6 David J. Molton (SBN 262075)
(DMolton@brownrudnick.com)
7 Seven Times Square
New York, New York 10036
8 Telephone: (212) 209-4800
Facsimile: (212) 209-4801
9

Attorneys for Trustee and Claims
10 Administrator

11 **UNITED STATES BANKRUPTCY COURT**
12 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**
13 **SAN FRANCISCO DIVISION**
14

15 **In re:**

16 **PG&E CORPORATION,**

17 -and-

18 **PACIFIC GAS AND ELECTRIC COMPANY,**

19 **Debtors.**

- 20
21 ☐ **Affects PG&E Corporation**
22 ☐ **Affects Pacific Gas and Electric Company**
☒ **Affects both Debtors**

23 **All papers shall be filed in the Lead Case, No.*
24 *19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

25 **STATEMENT OF FIRE VICTIM TRUSTEE IN**
26 **CONNECTION WITH CONFIRMATION HEARING RELATING TO**
PG&E CORPORATION STOCK TO BE DISTRIBUTED TO THE FIRE VICTIM TRUST
27
28

1 The Hon. John K. Trotter (Ret.), as Trustee (the “**Trustee**”) of the PG&E Fire Victim Trust (the
2 “**Fire Victim Trust**”) retained pursuant to the *Order Granting Application of the Official Committee of Tort*
3 *Claimants pursuant to 11 U.S.C. §§ 1103 and 363 and Fed. R. Bankr. P. 2014 and 5002 to Retain and*
4 *Employ Hon. John J. Trotter (Ret.) as Trustee Nunc Pro Tunc to January 13, 2020* [Docket No. 6760]
5 entered in the above-captioned Chapter 11 cases of PG&E Corporation and Pacific Gas & Electric Company
6 (the “**Debtors**”), respectfully submits this statement for the Court’s consideration in connection the
7 confirmation hearing concerning certain issues in respect of the PG&E Stock to be distributed to the Fire
8 Victim Trust (including registration rights and the determination of 2021 estimate net income).

9 As this Court is well-aware, the Debtor’s Plan of Reorganization (the “**Plan**”) and related
10 transaction documents anticipate that the Fire Victim Trust will exit these bankruptcy cases with a
11 substantial portion of the reorganized Debtor’s stock (“**Stock**”). Approximately half of the total
12 consideration to be provided to the Fire Victims will be in Stock (the “**FVT Stock**”).¹ Thus, the severity and
13 length of restrictions and limitations placed on the Fire Victim Trust’s ability to monetize the FVT Stock,
14 through the approaching fire season and beyond, will impact both the timing and the ultimate amount of
15 compensation Fire Victims will receive for their claims.

16 The Fire Victim Trust’s plenary authority (and the restrictions imposed thereon) to transact in,
17 steward, hold, or monetize FVT Stock for the benefit of Fire Victims on the Effective Date and thereafter
18 must be resolved and disclosed ahead of the Effective Date in order for the Debtors to successfully execute
19 their capital raise. The negotiation over the restrictions imposed on the Fire Victim Trust’s right to transact
20 is currently the subject of confidential mediation.² The Trustee, through his counsel, is participating in this
21 negotiation, given the direct and substantial impact the resolution of these issues will have on the Fire
22 Victim Trust and, ultimately, the Fire Victims. The Trustee submits this statement in order to apprise the
23 Court that these fundamental issues, which are currently the subject of mediation, must be resolved in the

24
25 ¹ The Plan provides that the Fire Victim Trust will be issued \$6.75 billion in Stock (at an equity value
26 calculated based on 14.9 multiplied by the normalized estimated net income as of a date to be agreed upon among the
parties to the Tort Claimants RSA).

27 ² Other issues that are critical to the actual amount and value of the FVT Stock to the Fire Victims, such as
28 calculation of the estimate of 2021 net income, may also be unresolved prior to the Effective Date. The Court may also
be asked to resolve such issues if they remain unresolved by the parties in the forthcoming weeks.

1 near future, prior to the Effective Date. If the Plan Sponsors, the TCC and the Trustee cannot reach a
2 resolution acceptable to the parties in the next few weeks, then the issues must be presented and briefed to
3 this Court prior to the Plan becoming effective.

4 DATED: May 22, 2020

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